

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BLUE GRASS ENERGY	)	
COOPERATIVE CORPORATION TO	)	CASE NO.
PASS-THROUGH AN INCREASE OF ITS	)	2008-00411
WHOLESALE POWER SUPPLIER PURSUANT	)	
TO KRS 278.455(2)	)	

ORDER

On October 31, 2008, Blue Grass Energy Cooperative Corporation ("Blue Grass Energy") submitted an application to pass-through any wholesale rate adjustment granted to East Kentucky Power Cooperative, Inc. ("EKPC") in Case No. 2008-00409.<sup>1</sup> Blue Grass Energy submitted its application pursuant to the authority of KRS 278.455(2) and 807 KAR 5:007, Section 2.

In its application, Blue Grass Energy described how its proposed pass-through rates were developed:

In accordance with the provisions of KRS 278.455(2), Blue Grass Energy Cooperative Corporation hereby states that the effects of the increase in rates from its wholesale supplier, EKPC, are being passed through to its retail tariffs on a proportional basis and that the rate design structure proposed for each retail rate schedule does not change the rate design currently in effect.<sup>2</sup>

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<sup>1</sup> Case No. 2008-00409, General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc. (Ky. PSC March 31, 2009)

<sup>2</sup> Application, Page 1.

KRS 278.455(2) provides that a distribution cooperative may change its rates to reflect a change in the rate of its wholesale supplier if the effects of an increase or decrease are allocated to each class and within each tariff on a proportional basis that will result in no change in the rate design currently in effect. Further, 807 KAR 5:007, Section 2(2), provides that the distribution cooperative shall file an analysis demonstrating that the rate change does not alter the rate design currently in effect and that the revenue change has been allocated to each class and within each tariff on a proportional basis.

The Commission has reviewed the approach proposed by Blue Grass Energy to pass-through any increases in the wholesale rates of EKPC and to allocate such increases to its retail rates. Based upon this review, the Commission finds that Blue Grass Energy's approach complies with the provisions of KRS 278.455(2) and 807 KAR 5:007, Section 2(2), and, therefore, should be accepted.

The Commission issued an Order in Case No. 2008-00409 on March 31, 2009 authorizing a \$59.5 million annualized increase in EKPC's wholesale rates effective for service rendered on and after April 1, 2009. According to Blue Grass Energy, this will increase its wholesale power cost by \$6,824,020 annually.<sup>3</sup>

IT IS THEREFORE ORDERED that:

1. The proposed rates submitted with Blue Grass Energy's application are rejected.
2. The approach proposed by Blue Grass Energy to allocate its portion of the increase in the wholesale rates authorized in Case No. 2008-00409 is accepted.

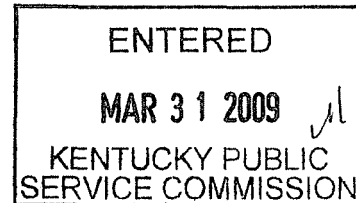
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<sup>3</sup> Response to Commission Staff's Supplemental Data Request issued on March 18, 2009.

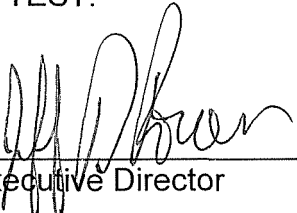
3. The rates set forth in the tariff sheets in the Appendix hereto are approved for service rendered on and after April 1, 2009.

4. Within 20 days from the date of this Order, Blue Grass Energy shall file with the Commission its revised tariffs, setting out the rates approved herein and stating that they were approved pursuant to this Order.

By the Commission



ATTEST:

  
\_\_\_\_\_  
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2008-00411 DATED MAR 31 2009

BLUE GRASS ENERGY  
COOPERATIVE CORPORATION

FOR ENTIRE TERRITORY SERVED  
P.S.C. KY NO. 2  
ORIGINAL SHEET NO. 5  
CANCELLING P.S.C. KY NO. 1  
ORIGINAL SHEET NO, 5, 39, & 53

### CLASSIFICATION OF SERVICE

#### GS-2 Off-Peak Retail Marketing Rate (ETS)

#### AVAILABILITY

Available to consumers eligible for Tariff GS-1, Residential and Farm Schedule. The electric power and energy furnished under Tariff GS-2, Off Peak Retail Marketing Rate shall be separately metered for each point of delivery. Other power and energy furnished will be billed under GS-1, Residential and Farm Schedule.

#### RATES

All kWh/Month: \$0.04914 kWh

#### SCHEDULE OF HOURS

This rate is only applicable for the below listed off-peak hours:

Months  
October through April

Hours Applicable for Demand Billing - EST

12:00 noon to 5:00 p.m.

10:00 p.m. to 7:00 a.m.

May through September

10:00 p.m. to 10:00 a.m.

#### FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by and amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for line loss will not exceed 10% and is based on twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

#### DELAYED PAYMENT CHARGE

The above rates are net, the gross rates being 7.5% higher. In the event the current monthly bill is not paid within 15 days from the date of the bill, the gross rates shall apply.

#### TERMS AND CONDITIONS

This Tariff is subject to the same terms and conditions as described in Tariff GS-1, Residential and Farm. This rate applies to only programs which are expressly approved by the Public Service Commission to be offered under the Marketing Rate of East Kentucky Power Cooperative's wholesale power rate. Effective January 1, 2009 all consumers under this rate will be switched to the GS-3 Residential and Farm Time-of Day Rate or the GS-1 Residential and Farm Rate. This tariff is no longer available for new installations.

DATE OF ISSUE: March 26, 2009

DATE EFFECTIVE: April 1, 2009

ISSUED BY: \_\_\_\_\_  
(Name of Officer)

TITLE: Vice President & CFO

BLUE GRASS ENERGY  
COOPERATIVE CORPORATION

FOR ENTIRE TERRITORY SERVED  
P.S.C. KY NO. 2  
ORIGINAL SHEET NO. 6  
CANCELLING P.S.C. KY NO. 1  
ORIGINAL SHEET NO. 6, 35, & 52

### CLASSIFICATION OF SERVICE

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#### GS-1 (Residential and Farm)

#### APPLICABLE

Entire Territory Served

#### AVAILABILITY

Available to all residential and farm consumers. The capacity on individual motors served under this schedule may not exceed ten (10) horsepower.

#### TYPE OF SERVICE

Single-phase, 60 cycles, at available secondary voltage.

#### RATES

Customer Charge	\$9.36 per meter, per month
Energy Charge per kWh	\$0.08189

#### FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by and amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for line loss will not exceed 10% and is based on twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

#### MINIMUM MONTHLY CHARGE

The minimum monthly charge under this tariff shall be the customer charge.

#### DELAY PAYMENT CHARGE

The above rates are net, the gross rates being 7.5% higher. In the event the current monthly bill is not paid within 15 days from the date of the bill, the gross rates shall apply.

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DATE OF ISSUE: March 26, 2009

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(Name of Officer)

TITLE: Vice President & CFO

BLUE GRASS ENERGY  
COOPERATIVE CORPORATION

FOR ENTIRE TERRITORY SERVED  
P.S.C. KY NO. 2  
ORIGINAL SHEET NO. 8  
CANCELLING P.S.C. KY NO. 1  
ORIGINAL SHEET NO. 8

### CLASSIFICATION OF SERVICE

#### GS-3 (Residential and Farm Time-of-Day Rate)

#### APPLICABLE

Entire Territory Served

#### AVAILABILITY

Available to all consumers eligible for the Tariff GS-1, Residential and Farm. The capacity on individual motors served under this schedule may not exceed ten (10) horsepower.

#### TYPE OF SERVICE

Single-phase, 60 cycles, at available secondary voltage.

#### RATES:

Customer Charge	\$9.36 per meter, per month
<u>Energy Charge per kWh</u>	
<u>On-peak energy</u>	\$0.10028
<u>Off-peak energy</u>	\$0.06139

#### On-Peak Hours and Off-Peak Hours

<u>Months</u>	<u>On-Peak Hours</u>	<u>Off-Peak Hours</u>
<u>May through September</u>	<u>10:00 a.m. to 10:00 p.m.</u>	<u>10:00 p.m. to 10:00 a.m.</u>
<u>October through April</u>	<u>7:00 a.m. to 12:00 noon</u> <u>5:00 p.m. to 10:00 p.m.</u>	<u>10:00 p.m. to 7:00 a.m.</u> <u>12:00 noon to 5:00 p.m.</u>

#### FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by and amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for line loss will not exceed 10% and is based on twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

#### MINIMUM MONTHLY CHARGES

The minimum monthly charge under this tariff shall be the customer charge.

#### DELAY PAYMENT CHARGE

The above rates are net, the gross rates being 7.5% higher. In the event the current monthly bill is not paid within 15 days from the date of the bill, the gross rates shall apply.

DATE OF ISSUE: March 26, 2009

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ISSUED BY: \_\_\_\_\_  
(Name of Officer)

TITLE: Vice President & CFO

**BLUE GRASS ENERGY  
COOPERATIVE CORPORATION**

FOR ENTIRE TERRITORY SERVED  
P.S.C. KY NO. 2  
ORIGINAL SHEET NO. 9  
CANCELLING P.S.C. KY NO. 1  
ORIGINAL SHEET NO. 9, 36, 54, & 55

### CLASSIFICATION OF SERVICE

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#### SC-1 Commercial and Industrial (0-100 KW)

#### APPLICABLE

Entire territory served

#### AVAILABILITY

Available for single phase or three-phase commercial and industrial; and three-phase farm service up to 100 kW.

#### TYPE OF SERVICE

Single-phase and three-phase, 60 cycles, at available secondary voltages. Motors having a rated capacity in excess of 10 horsepower must be three-phase unless specially approved by the Cooperative. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

#### RATE

##### Demand Charge

First 10 KW of Billing Demand

No charge

Over 10 KW of Billing Demand

\$7.49

##### Energy Charge

All KWH

\$0.07644

Customer Charge

\$26.74

#### FUEL ADJUSTMENT CLAUSE

All rates are applicable to the Fuel Adjustment Clause and may be increased or decreased by an amount per KWH equal to the fuel adjustment amount per KWH as billed by the Wholesale Power Supplier, plus an allowance for line losses. The allowance for line loss will not exceed 10% and is based on a twelve-month moving average of such losses. This Fuel Clause is subject to all applicable provisions as set out in 807 KAR 5.056.

#### DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor.

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DATE OF ISSUE: March 26, 2009

DATE EFFECTIVE: April 1, 2009

ISSUED BY: \_\_\_\_\_

(Name of Officer)

TITLE: Vice President & CFO



BLUE GRASS ENERGY  
COOPERATIVE CORPORATION

FOR ENTIRE TERRITORY SERVED  
P.S.C. KY NO. 2  
ORIGINAL SHEET NO. 11  
CANCELLING P.S.C. KY NO. 1  
ORIGINAL SHEET NO. 11, 37, 46, & 56

### CLASSIFICATION OF SERVICE

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#### LP-1 Large Power (101 KW to 500 KW)

#### APPLICABLE

Entire territory served

#### AVAILABILITY

Available to all consumers whose contracted kilowatt demand shall exceed 100 kW for all usage subject to the established rules and regulations.

#### CONDITIONS

An "Agreement for Electric Service" shall be executed by the consumer for service under this schedule.

#### TYPE OF SERVICE

Single-phase and three-phase, 60 cycles, at available primary or secondary voltages. Motors having a rated capacity in excess of 10 horsepower must be three-phase unless specifically approved by the Cooperative. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

#### RATE

##### Maximum Demand Charge

\$8.02 per month per KW of billing demand

##### Energy Charge (101 KW to 500 kW)

Customer Charge \$53.47

ALL KWH \$0.04973

#### DETERMINATION OF BILLING DEMAND

The Billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

#### POWER FACTOR ADJUSTMENT

The consumer agrees to maintain unity power factor as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of this maximum demand is less than the wholesale power factor, the demand for billing purposes shall be demand as indicated or recorded by the demand meter multiplied by the wholesale power factor and divided by the measured power factor.

DATE OF ISSUE: March 26, 2009

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ISSUED BY: \_\_\_\_\_  
(Name of Officer)

TITLE: Vice President & CFO

BLUE GRASS ENERGY  
COOPERATIVE CORPORATION

FOR ENTIRE TERRITORY SERVED  
P.S.C. KY NO. 2  
ORIGINAL SHEET NO. 13  
CANCELLING P.S.C. KY NO. 1  
ORIGINAL SHEET NO. 13, 48, & 58

## CLASSIFICATION OF SERVICE

### LP-2 Large Power (over 500)

#### APPLICABLE

Entire territory served

#### AVAILABILITY

Available to all commercial and industrial consumers whose contracted kilowatt demand shall exceed 500 kW for all usage subject to the established rules and regulations.

#### CONDITIONS

An "Agreement for Purchase of Power" shall be executed by the consumer for service under this schedule.

#### TYPE OF SERVICE

Three-phase, 60 cycles, at available primary or secondary voltages. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

#### RATE

##### Maximum Demand Charge

\$8.02 per month per kW of billing demand

##### Energy Charge (over 500 kW)

Customer Charge \$106.94

ALL KWH \$0.04382

Special facilities charge as specified in the contract

#### DETERMINATION OF BILLING DEMAND

The billing demand shall be the maximum kilowatt demand established by the consumer for any period of fifteen consecutive minutes during the month for which the bill is rendered, as indicated or recorded by a demand meter and adjusted for power factor as provided below.

#### POWER FACTOR ADJUSTMENT

The consumer agrees to maintain unity power factor as nearly as practical. Power Factor may be measured at any time. Should such measurements indicate that the power factor at the time of the maximum demand is less than the wholesale power factor, the demand for billing purposes shall be demand as indicated or recorded by the demand meter multiplied by the wholesale power factor and divided by the measured power factor.

DATE OF ISSUE: March 26, 2009

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(Name of Officer)

TITLE: Vice President & CFO

BLUE GRASS ENERGY  
COOPERATIVE CORPORATION

FOR ENTIRE TERRITORY SERVED  
P.S.C. KY NO. 2  
ORIGINAL SHEET NO. 15  
CANCELLING P.S.C. KY NO. 1  
ORIGINAL SHEET NO. 15, 16, & 64

## CLASSIFICATION OF SERVICE

### OUTDOOR LIGHTS

#### APPLICABLE

Entire territory served

#### AVAILABILITY

Available to all consumers of the Cooperative subject to its established rules and regulations.

#### RATE PER LIGHT PER MONTH

175 Watt Mercury Vapor*	\$10.17
400 Watt Mercury Vapor*	\$16.46
400 Watt Metal Halide Directional Flood	\$15.51
400 Watt High Pressure Sodium Directional Flood*	\$16.31
100 Watt High Pressure Sodium – Shoebox Fixture (Metal Pole)	\$17.98
100 Watt High Pressure Sodium – Acorn Fixture (Fiberglass Pole)	\$17.41
100 Watt High Pressure Sodium – Colonial Fixture	\$14.70
400 Watt High Pressure Sodium Cobra Head (Aluminum Pole)	\$21.82
70 Watt High Pressure Sodium (Ornamental)*	\$ 9.62
100 Watt High Pressure Sodium (Ornamental)*	\$10.69
250 Watt High Pressure Sodium (Ornamental)*	\$14.17
70 Watt High Pressure (Colonial) (15-foot mounting height)*	\$ 8.93
200 Watt High Pressure Sodium Cobra Head (Aluminum Pole)	\$14.44
100 Watt High Pressure Sodium Cobra Head (Aluminum Pole)	\$10.69
100 Watt High Pressure Sodium Open Bottom	\$10.19
250 Watt High Pressure Sodium Open Bottom	\$15.27

\*Not available for new installation

#### ADDITIONAL ORNAMENTAL SERVICE

The Cooperative may, upon request, furnish ornamental poles/fixtures not listed in our current rates of the Cooperative's choosing, together with overhead wiring and all other equipment as needed. The Member will pay this additional cost prior to installation.

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ISSUED BY: \_\_\_\_\_  
(Name of Officer)

TITLE: Vice President & CFO

BLUE GRASS ENERGY  
COOPERATIVE CORPORATION

FOR ENTIRE TERRITORY SERVED  
P.S.C. KY NO. 2  
ORIGINAL SHEET NO. 23  
CANCELLING P.S.C. KY NO. 1  
ORIGINAL SHEET NO. 23 & 50

### CLASSIFICATION OF SERVICE

#### Large Industrial Rate - Schedule B-1

##### AVAILABILITY

Applicable to contracts with demands of 1,000 KW to 3,999 KW with a monthly energy usage equal to or greater than 425 hours per kW of billing demand.

##### MONTHLY RATE

Consumer Charge	\$1,069.40
Demand Charge per kW of Contract Demand	\$ 6.65
Demand Charge per kW for Billing Demand in Excess of Contract Demand	\$ 9.25
Energy Charge per kWh	\$0.04436

##### BILLING DEMAND

The monthly billing demand (kilowatt demand) shall be the contract demand plus any excess demand. Excess demand occurs when the consumer's peak demand, during the current month, exceeds the contract demand. The load center's peak demand is highest average rate at which energy is used during any fifteen-minute interval, in the below listed hours for each month, and adjusted for power factor as provided herein:

<u>Months</u>	<u>Hours Applicable for Demand Billing - EST</u>
October through April	7:00 a.m. to 12:00 noon 5:00 p.m. to 10:00 p.m.
May through September	10:00 a.m. to 10:00 p.m.

##### MINIMUM MONTHLY CHARGE

The minimum monthly charge shall not be less than the sum of (a) through (d) below:

- Customer Charge
- The product of the contract demand multiplied by the contract demand charge, plus the product of the demand in excess of the contract demand, multiplied by the in excess of contract demand charge.
- The product of the contract demand multiplied by 425 hours and the energy charge per KWH.
- Contract provisions that reflect special facilities requirements.

##### POWER FACTOR ADJUSTMENT

The consumer agrees to maintain unity power factor as nearly as practicable. Power factor may be measured at any time. Should such measurements indicate that the power factor at the time of the maximum demand is less than the minimum required wholesale power factor, the demand for billing purposes shall be demand as indicated or recorded, multiplied by the minimum required wholesale power factor and divided by the measured power factor.

DATE OF ISSUE: March 26, 2009

DATE EFFECTIVE: April 1, 2009

ISSUED BY: \_\_\_\_\_  
(Name of Officer)

TITLE: Vice President & CFO

BLUE GRASS ENERGY  
COOPERATIVE CORPORATION

FOR ENTIRE TERRITORY SERVED  
P.S.C. KY NO. 2  
ORIGINAL SHEET NO. 25  
CANCELLING P.S.C. KY NO. 1  
ORIGINAL SHEET NO. 25 & 62

### CLASSIFICATION OF SERVICE

#### Large Industrial Rate - Schedule B-2

#### AVAILABILITY

Applicable to contracts with demands of 4,000 KW and greater with a monthly energy usage equal to or greater than 425 hours per KW of contract demand.

#### TYPE OF SERVICE

Three-phase, 60 cycles, at available primary voltages. Consumer's equipment shall operate in such a way that it does not cause electrical disturbances to other consumers.

#### MONTHLY RATE

Customer Charge	\$2,138.80
Demand Charge per kW of Contract Demand	\$6.65
Demand Charge per kW for Billing Demand in Excess of Contract Demand	\$9.25
Energy Charge per kWh	\$0.03960

#### BILLING DEMAND

The monthly billing demand (kilowatt demand) shall be the contract demand plus any excess demand. Excess demand occurs when the consumer's peak demand, during the current month, exceeds the contract demand. The load center's peak demand is highest average rate at which energy is used during any fifteen-minute interval, in the below listed hours for each month, and adjusted for power factor as provided herein:

Months  
October through April

Hours Applicable for Demand Billing - EST

7:00 a.m. to 12:00 noon  
5:00 p.m. to 10:00 p.m.

May through September

10:00 a.m. to 10:00 p.m.

#### MINIMUM MONTHLY CHARGE

The minimum monthly charge shall not be less than the sum of (a) through (d) below:

- Customer Charge
- The product of the contract demand multiplied by the contract demand charge, plus the product of the demand in excess of the contract demand, multiplied by the in excess of contract demand charge.
- The product of the contract demand multiplied by 425 hours and the energy charge per kWh.
- Contract provisions that reflect special facilities requirements.

DATE OF ISSUE: March 26, 2009

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(Name of Officer)

TITLE: Vice President & CFO

BLUE GRASS ENERGY  
COOPERATIVE CORPORATION

FOR ENTIRE TERRITORY SERVED  
P.S.C. KY NO. 2  
ORIGINAL SHEET NO. 33  
CANCELLING P.S.C. KY NO. 1  
ORIGINAL SHEET NO. 33

### CLASSIFICATION OF SERVICE

#### Interruptible Service

#### STANDARD RIDER

This Interruptible Rate is a rider to the Schedule LP-1 Large Power Rate, LP-2 Large Power Rate, B-1 Large Industrial Rate and B-2 Large Industrial Rate.

#### APPLICABLE

In all territory served by the Cooperative.

#### AVAILABILITY OF SERVICE

This schedule shall be made available at any load center, to any member who will contract for an interruptible demand of not less than 250 KW and not more than 20,000 KW, subject to a maximum number of hours of interruption per year and a notice period as listed below.

#### MONTHLY RATES

A monthly demand credit per KW is to be based on the following matrix:

Notice Minutes	Annual Hours of Interruption		
	200	300	400
10	\$4.20	\$4.90	\$5.60
60	\$3.50	\$4.20	\$4.90

#### DETERMINATION OF MEASURED LOAD - BILLING DEMAND

The monthly billing demand shall be the highest average rate at which energy is used during any fifteen consecutive minute periods during the below listed hours:

Months  
October through April

Hours Applicable for Demand Billing - EST

7:00 a.m. to 12:00 noon

5:00 p.m. to 10:00 p.m.

May through September

10:00 a.m. to 10:00 p.m.

The interruptible billing demand shall be equal to the amount by which the monthly billing demand exceeds the minimum billing demand as specified in the contract.

DATE OF ISSUE: March 26, 2009

DATE EFFECTIVE: April 1, 2009

ISSUED BY: \_\_\_\_\_  
(Name of Officer)

TITLE: Vice President & CFO

Daniel W Brewer  
President and CEO  
Blue Grass Energy Cooperative Corp.  
P. O. Box 990  
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